STRIS & MAHER LLP PETER K. STRIS (SBN 216226) peter.stris@strismaher.com ELIZABETH R. BRANNEN (SBN 226234) elizabeth.brannen@strismaher.com DANA BERKOWITZ (SBN 303094) dana.berkowitz@strismaher.com KENNETH J. HALPERN (SBN 187663) ken.halpern@strismaher.com JOHN STOKES (SBN 310847) john.stokes@strismaher.com 725 South Figueroa Street, Suite 1830 Los Angeles, CA 90017 T: (213) 995-6800 | F: (213) 261-0299 SHAUN P. MARTIN (SBN 158480) smartin@sandiego.edu 5998 Alcala Park, Warren Hall 109C San Diego, CA 92110

CONFORMED COPY
ORIGINAL FILED
Superior Court of California
County of Los Angeles

JUL 06 2018

Sherri R. Carter, Executive Officer/Clerk of Court By: Kristina Vargas, Deputy

Counsel for Plaintiff Shera Bechard

## SUPERIOR COURT FOR THE STATE OF CALIFORNIA FOR THE COUNTY OF LOS ANGELES

SHERA BECHARD,

Plaintiff,

T: (619) 260-2347 | F: (619) 260-7933

V.

ELLIOTT BROIDY, an individual, KEITH DAVIDSON, an individual; MICHAEL AVENATTI, an individual; DAVIDSON & ASSOCIATES, PLC, a professional limited liability company; and DOES 1 through 20, inclusive,

Defendants.

Case No. BC712913

VERIFIED COMPLAINT FOR DAMAGES AND OTHER RELIEF

DEMAND FOR JURY TRIAL

- 1. Plaintiff Shera Bechard ("Ms. Bechard") brings this Complaint against Defendants Elliott Broidy ("Mr. Broidy"), Keith Davidson and Davidson & Associates, PLC (together, "Mr. Davidson"), and Michael Avenatti ("Mr. Avenatti"), and alleges as follows:
- 2. Ms. Bechard is a model and former Playboy Playmate. She had a lengthy relationship with Mr. Broidy, a married man. Mr. Broidyrepeatedlysaid@hat@helloyed@herandwouldsupport@herandiwoul
- 3. But Mr. Broidy started to become violent and engage in profoundly disturbing behavior. Near the end of their relationship, Mr. Broidy—who refused to wear a condom, and who had sex with Ms. Bechard without telling her that he had genital herpes—hurt her and got Ms. Bechard pregnant.
- 4. Thereafter, Ms. Bechard retained Mr. Davidson to help her understand and assert her rights against Mr. Broidy.
- 5. Despite his fiduciary and ethical duties to his client, Mr. Davidson treated Ms. Bechard's claims as a commodity to be traded for his own financial gain. He began by recruiting Michael Cohen ("Mr. Cohen")—a notorious "fixer" for wealthy individuals including President Donald Trump—to approach Mr. Broidy with an offer to represent Mr. Broidy and "solve" his issues with Ms. Bechard. Unknown to Ms. Bechard, Mr. Davidson and Mr. Cohen were well acquainted with one another, having worked together on projects including the hush money deal between porn star Stormy Daniels (represented by Mr. Davidson) and Donald Trump (represented by Mr. Cohen).
- 6. Mr. Davidson wrote a crushingly one-sided agreement (the "Settlement Agreement") that favored Mr. Broidy. To be sure: it required a substantial payment from Mr. Broidy (thus inflating Mr. Davidson's fee). But in exchange, it required Ms. Bechard to sign away her rights and agree to additional absurd terms, such as a \$4,800,000 liquidated damages clause. No reasonable lawyer would have recommended that Ms. Bechard sign the Settlement Agreement, and no properly informed client in her position would have agreed. It was instead a deal that Mr. Davidson could convince Ms. Bechard to sign only by misrepresenting and omitting its key terms. Indeed, to conceal the Settlement Agreement's many unconscionable aspects, Mr. Davidson included a term that

prohibited Ms. Bechard from having a copy of the agreement, refused to show the agreement to her, and affirmatively lied to her about what the agreement said.

- 7. It gets worse. Although Mr. Broidy paid Ms. Bechard the first two of eight installment payments required by the Settlement Agreement, he failed to make the third installment payment, due on July 1, 2018. The same day, the *Wall Street Journal* published an article on that failure. It reported that Mr. Broidy's current lawyer had told it (1) that Mr. Broidy would not pay any of the \$1,200,000 still owed to Ms. Bechard under the Settlement Agreement, and (2) that the reason for his refusal was that *Mr. Davidson* allegedly leaked the existence of the Settlement Agreement to Mr. Avenatti, who in turn revealed it to the public on Twitter in April 2018.
- 8. In a statement to the Wall Street Journal, Mr. Davidson denied any wrongdoing, adding that "[a]ny accusation to the contrary is false and defamatory." And in Mr. Avenatti's statement to the Wall Street Journal, he refused to comment on his guilt or innocence. But Mr. Broidy's attorney insists that he "can prove there was an intentional breach that renders the contract null and void"—i.e., that Mr. Davidson and Mr. Avenatti breached the confidentiality provisions of the Settlement Agreement, thus justifying Mr. Broidy's refusal to pay Ms. Bechard the compensation to which she is entitled under that agreement.
- 9. What Ms. Bechard knows for certain is that *she* has done nothing wrong; in particular, she neither knows about nor ever consented to Mr. Davidson or Mr. Avenatti revealing her confidential information or the terms (or even existence) of the Settlement Agreement. Thus, at least one thing is clear: Defendants have violated Ms. Bechard's rights. This action seeks to enforce them.

### **PARTIES**

- 10. Plaintiff Shera Bechard is an individual who resides in Beverly Hills, California.
- 11. Defendant Elliott Broidy is an individual who resides in Beverly Hills, California.
- 12. Defendant Keith Davidson is an attorney who resides in Woodland Hills, California.
- 13. Defendant Davidson & Associates, PLC ("DAPLC") is a law firm whose principal place of business is located at 8383 Wilshire Boulevard, Suite 510, Beverly Hills, California 90211. Mr. Davidson is a principal of DAPLC.
  - 14. Defendant Michael Avenatti is an attorney who resides in Newport Beach, California.

2

3

4

5

6

7

8

9

10

11

12

13

14

16

17

18

19

20

21

22

23

24

25

26

27

28

15. The true names and capacities of Defendants Does 1 through 20, inclusive, are unknown to Ms. Bechard at this time, and are therefore sued under such fictitious names pursuant to California Code of Civil Procedure section 474. Each of them is in some manner legally responsible for the events and happenings alleged herein. When these defendants are identified, Ms. Bechard will seek to amend this Complaint accordingly.

### JURISDICTION AND VENUE

- 16. Jurisdiction is proper under section 410.10 of the California Code of Civil Procedure and Article 4 of the California Constitution.
- Venue is proper under section 395 of the California Code of Civil Procedure because 17. the Defendants, or some of them, reside in the County of Los Angeles.

### **FACTUAL ALLEGATIONS**

- A. Ms. Bechard, Expecting Mr. Broidy's Child And Disturbed By His Mistreatment Meets With Mr. Davidson.
- 18. On October 31, 2017, Ms. Bechard met with Mr. Davidson and asked for his help dealing with a problem. She was seven weeks pregnant with the child of Mr. Broidy (the then-Finance Chairman of the Republican National Committee), conceived in an extramarital affair. (Mr. Broidy's) behavior had become destructive, and she was confused and scared.
- 19. Mr. Davidson interviewed Ms. Bechard about the facts of her relationship with Mr. Broidy. He also reviewed voluminous text messages, including photographs between Ms. Bechard and Mr. Broidy. Mr. Davidson took handwritten notes at the meeting and kept them.
  - 20. Here is some of what Mr. Davidson learned:
- Ms. Bechard first met, Mr. Broidy at a restaurant in 2013. Mr. Broidy was a) obsessed with Playboy Playmates, and became very interested in Ms. Bechard, who was a two-time Playboy Playmate of the Month. Before long, the two were in an intimate sexual relationship.
- **(b)** That relationship was both sexual and deeply personal. Mr. Broidy told Ms. Bechard about masturbating to the thought of her. He also repeatedly told Ms. Bechard that he loved her, and said that he would financially support her. He shared personal information about his children. Mr. Broidy and Ms. Bechard referred to one another as "daddy" and "mommy.")

7

9

(10)

11)

13

(15)

(16)

(17)

(18)

(19)

20

(21)

(22)

(23)

24

(26)

(27)

(2)

21	After learning she was pregnant, Ms. Bechard promptly to	ld Mr. Broidy. Initially, he
supported	er keeping the baby. But he quickly changed his tune and beg	an demanding that she get)
an abortio	insisting that "nobody can know.")	

- Mr. Broidy told her that he had connections who could make people disappear. Ms. Bechard had grave fears that something might happen to her. But she was also upset. The pregnancy prompted her to think about what her life would be like with a violent misogynist as the father of her child. And she needed to protect herself.
  - B. Mr. Davidson Gets Ms. Bechard To Sign The Settlement Agreement.
- 23. Mr. Davidson told Ms. Bechard that he could help with her situation. He had Ms. Bechard sign an engagement letter (the "Engagement Letter") that retained Mr. Davidson as her attorney.
- 24. On or around November 8, 2017, Mr. Davidson told Ms. Bechard he had begun talking with Mr. Broidy's lawyer. Ms. Bechard was surprised to hear that Mr. Davidson had so quickly figured out who Mr. Broidy's lawyer was, so she asked how that had happened. Mr. Davidson responded that he had a "relationship" with the lawyer, a guy named Michael Cohen. Ms. Bechard asked, "wait, he's your friend?" But Mr. Davidson said no. Ms. Bechard had no reason to suspect anything was amiss. So she let the issue go and told Mr. Davidson that she looked forward to hearing more.
- 25. On or around November 18, 2017, Mr. Davidson told Ms. Bechard that a deal was on the table under which she would receive \$1,600,000. Mr. Davidson told Ms. Bechard the amount represented the net present value of child-support payments Mr. Broidy would be expected to make over the 18-year support term of their child. In exchange for the money, Mr. Davidson told Ms. Bechard she would give up all rights to sue Mr. Broidy for past conduct and would be required to never again speak of the affair. Based on what she was told by Mr. Davidson, Ms. Bechard said she would agree to the proposed deal.
- 26. On December 1, 2017, Mr. Davidson met with Ms. Bechard at a restaurant near his office so she could sign a written agreement while he ate lunch. Mr. Davidson held the 26-page

3

4

5

6

Ø

8

9

10

11

13

14

15

16

17

18

19

20

21

22

23

(24)

26

(27)

contract in a manner such that Ms. Bechard could not actually read the document, while he purported to go through the agreement paragraph by paragraph to explain it in lay terms. Mr. Davidson told Ms. Bechard the following about the Settlement Agreement:

- Ms. Bechard would receive \$1,600,000 over eight quarterly installment payments, minus Mr. Davidson's 35 percent fee. When she questioned why installment payments were necessary, Mr. Davidson told her Mr. Broidy had said he was broke and would have to borrow the funds.
- b) In exchange for the money, Ms. Bechard and Mr. Broidy would never again speak of the affair and would give up the right to sue one another for everything that had previously happened between them.
- If either party breached confidentiality, the penalties would purportedly be as c) follows: If Mr. Broidy breached, he would have to immediately pay the full amount due under the Settlement Agreement. Mr. Davidson did not explain what would happen if Mr. Broidy breached confidentiality after all of the payments had been made. If Ms. Bechard breached, her first offense would be punished by a judge ordering her not to talk about the affair again. If she breached again, she would be charged a fee. Mr. Davidson did not say how much it would be, but he said not to worry about it.
- d) The Settlement Agreement would be secret—only Ms. Bechard and her accountant (no one else) could ever see it.
- Mr. Davidson told her that she was not getting paid to have an abortion, but e) rather to give up her rights to sue Mr. Broidy and to not to talk about the relationship.
- 27. (Not being paid to have an abortion was important to Ms. Bechard. She told) (Mr.) Davidson that while she had considered having an abortion, she wanted to keep her baby. Indeed, she had already begun to purchase baby supplies and had seen a neonatal specialist to ensure medication she was taking would not adversely affect the child)
- But when Ms. Bechard revealed her plans to keep her baby, Mr. Davidson went 28. ballistic. He insisted that Ms. Bechard had to get an abortion because "that is how these deals work." He questioned why Ms. Bechard would want to have Mr. Broidy's child when "the man looks like a)

13

14

(3)

(16)

(17)

18

19

20

21

22

23

24

25

26

27

28

toad" and when she could have the money without the expense of raising the child. And Mr. Davidson 2 warned Ms. Bechard that he had spoken to Mr. Broidy directly and if she didn't have an abortion (1) 3 she would never be able to move out of California (and definitely not back to her home country of) **(4)** Canada) due to Mr. Broidy's visitation rights, and (2) Mr. Broidy would suc her for child-support 6 payments. Mr. Davidson also told Ms. Bechard that Mr. Broidy had said "Shera should be very, very 6 careful," a thinly veiled threat to Ms. Bechard that she had better sign the Settlement Agreement and 0 (have an abortion.) 8 29. Mr. Davidson did not tell Ms. Bechard about many other material aspects of the 9 Settlement Agreement. They did not come to light until many months later. (See infra ¶ 50-53.) 10 30. During the lunch, Mr. Davidson pointed to places in the Settlement Agreement and instructed Ms. Bechard to sign, which she did. 11

- C. After Signing The Settlement Agreement, Ms. Bechard Begins To Receive Installment Payments.
- 31. (Fearing that the threats conveyed by Mr.) (Davidson were genuine and extremely) serious, five days later (on December 6, 2017), Ms. Bechard terminated her pregnancy. (At Mr.) Davidson's request, Ms. Bechard signed documentation releasing medical records confirming the abortion to Mr. Davidson.)
- 32. Mr. Davidson received the first installment payment of \$200,000 from Mr. Broidy on or around December 5, 2017. Mr. Davidson did not disburse Ms. Bechard's funds to her until January 2018, and only did so after Ms. Bechard repeatedly asked him to do so. Mr. Davidson took a \$70,000 (35%) fee on the first installment payment, and wired the remainder of \$130,000 to Ms. Bechard.
- 33. Mr. Davidson received the second installment payment of \$200,000 from Mr. Broidy on or around April 1, 2018. Mr. Davidson took a \$70,000 (35%) fee on the second installment payment, plus \$3,292.42 in costs. Mr. Davidson wired the remainder of \$126,707.58 to Ms. Bechard. When Ms. Bechard inquired about the basis for the costs, Mr. Davidson told her they were incurred on a trip he took to New York for a face-to-face meeting before the Settlement Agreement happened.
  - 34. The next installment payment of \$200,000 from Mr. Broidy was due on July 1, 2018.

## D. Ms. Bechard Learns About The Troubling Relationship Between Mr. Davidson And Mr. Cohen.

- 35. In early April 2018, Ms. Bechard began to realize that something had gone seriously awry. The national news reported on Mr. Davidson and Mr. Cohen for their apparent collusion on two other deals: (1) an agreement between Donald Trump and Stephanie Clifford (aka "Stormy Daniels"), and (2) an agreement between American Media, Inc. ("AMI") and Karen McDougal, which also related to Donald Trump. The press reported strange behavior between Mr. Davidson and Mr. Cohen that seriously concerned Ms. Bechard.
- 36. On the AMI deal, for example, Mr. Davidson's only client was Karen McDougal. Yet according to a *New York Times* report, Mr. Davidson improperly and unethically back-channeled information about that deal to Mr. Cohen. (*See* Jim Rutenberg et al., *Tools of Trump's Fixer: Payouts, Intimidation and Tabloids*, N.Y. Times (Feb. 18, 2018), https://www.nytimes.com/2018/02/18 /us/politics/michael-cohen-trump.html ["Soon after Ms. McDougal signed the confidential agreement on Aug. 5, 2016, Mr. Davidson emailed Mr. Cohen, 'Michael, please give me a call at your convenience.' Mr. Davidson followed up by explaining to Mr. Cohen over the phone that the McDougal transaction had been completed, according to a person familiar with the conversation."].) This conduct also contributed to a Federal Election Commission complaint alleging that AMI had made an undisclosed in-kind campaign contribution to the Trump campaign. (*See* https://www.commoncause.org/wp-content/uploads/legacy/press/press-releases/common-cause-v-trump-fec.pdf.)
- 37. As a result of these disclosures, and needing to protect herself, in April 2018 Ms. Bechard fired Mr. Davidson and retained new counsel.

### E. Michael Avenatti Publicizes The Settlement Agreement.

- 38. On April 12, 2018, Mr. Avenatti began to expose the facts of the affair on Twitter. His Twitter post identified an LA-based "prominent GOP donor" and identified the existence of a "hush NDA" between him and an "LA woman," noting that he "impregnated her and then made sure she had an abortion" and that "[t]he deal provided for multiple payments across many months."
- 39. On April 13, 2018, after the Wall Street Journal revealed additional details about the Settlement Agreement, identifying Ms. Bechard and Mr. Broidy by name, (see Joe Palazzolo &

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

Michael Rothfeld, Trump Lawyer Michael Cohen Negotiated \$1.6 Million Settlement for Top Republican Fundraiser, Wall Street J. (last updated April 13, 2018 9:36 p.m. ET), https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-fortop-republican-fundraiser-1523638726 [the "April WSJ Article"]), Mr. Avenatti publicly expressed his disappointment for the lack of credit he had received for the April WSJ Article, tweeting "I tweeted the facts on this last night. Always good to be proven correct. But attribution would have been nice. https://www.wsj.com/articles/trump-lawyer-michael-cohen-negotiated-1-6-million-settlement-fortop-republican-fundraiser-1523638726 ... via @WSJ."

- 40. In the Wall Street Journal article, Mr. Broidy had vaguely acknowledged his affair with Ms. Bechard but avoided expressly acknowledging the existence of the Settlement Agreement.
- 41. On July 1, 2018, the Wall Street Journal published another story about the Settlement Agreement. (See Michael Rothfeld & Joe Palazzolo, Top GOP Fundraiser to Stop Hush Payments Over Affair, Wall Street J. (last updated July 1, 2018 5:30 p.m. ET), https://www.wsj.com/articles/topgop-fundraiser-to-stop-hush-payments-over-affair-1530477047 [the "July WSJ Article"].) This time, Mr. Broidy admitted the existence of the Settlement Agreement, stating through his lawyer that "Elliott specifically was paying for confidentiality that would shield his family from the embarrassing mistake he made." (Id.) Mr. Broidy also told the Wall Street Journal he would not make his July 1, 2018 installment payment.
- Mr. Broidy told the Wall Street Journal that he believed the Settlement Agreement had 42. been breached. To be clear: Mr. Broidy did not allege that Ms. Bechard had personally breached the contract, nor even that she had intended for a breach to happen. Nor could he. Ms. Bechard had no incentive or desire to reveal any confidential information. And she has never done so. Indeed, even in the face of intense public scrutiny resulting from the April WSJ Article, Ms. Bechard refrained from revealing any confidential information.
- 43. Nonetheless, Mr. Broidy maintains that the contract was somehow breached by Ms. Bechard because Mr. Davidson—the lawyer who represented Ms. Bechard in negotiating the Settlement Agreement—leaked confidential information to Mr. Avenatti, who then exposed and publicized it. As the Wall Street Journal explained:

Mr. Broidy, who worked on the RNC with Mr. Cohen, will withhold the third installment of \$200,000 that was due Sunday, in response to an alleged breach of the nondisclosure agreement, according to Chris Clark, a lawyer for Mr. Broidy.

Mr. Clark said Ms. Bechard's lawyer at the time of the agreement, Keith Davidson, improperly discussed the hush-money agreement with another lawyer, Michael Avenatti, who has replaced Mr. Davidson in representing Stephanie Clifford, a former adult-film star. Ms. Clifford, known professionally as Stormy Daniels, got a \$130,000 payment arranged by Mr. Cohen to keep quiet about what she said was a 2006 sexual encounter with Mr. Trump.

"Elliott specifically was paying for confidentiality that would shield his family from the embarrassing mistake he made," Mr. Clark said. "We can prove there was an intentional breach that renders the contract null and void."

. .

Mr. Clark, Mr. Broidy's lawyer, said Mr. Broidy and his representatives . . . spoke to people who said they had knowledge that Mr. Avenatti learned of the hush-money deal from Mr. Davidson, prompting the tweet.

(July WSJ Article.)

- 44. The July WSJ Article also reported statements that Mr. Davidson and Mr. Avenatti made in response to the allegations of Mr. Broidy.
- 45. According to the *Wall Street Journal*, Mr. Davidson had denied any wrongdoing: "A spokesman for Mr. Davidson said the lawyer hasn't breached any agreement. 'Any accusation to the contrary is false and defamatory,' said the spokesman, Dave Wedge, adding that Mr. Davidson 'looks forward to addressing these matters in the proper venue, which is the court room, not the press." (*Id.*)
- 46. According to the *Wall Street Journal*, Mr. Avenatti declined to comment on his complicity: "Mr. Avenatti said: 'I'm neither going to confirm nor deny what information I have about this, whether it's all been disclosed yet, or where I learned it. But I would encourage Ms. Bechard to disclose everything she knows about this situation to the public." (Id.)
  - E. Additional Serious Misconduct Is Revealed.
- 47. Additional troubling facts about the Settlement Agreement and the circumstances surrounding it came to light after Ms. Bechard fired Mr. Davidson and retained the undersigned as counsel.
- 48. First, the April WSJ Article revealed that Mr. Davidson had actually recruited Mr. Cohen. According to Mr. Broidy's statement in the April WSJ Article: "Mr. Cohen reached out to me

after being contacted by this woman's attorney, Keith Davidson. Although I had not previously hired Mr. Cohen, I retained Mr. Cohen after he informed me about his prior relationship with Mr. Davidson." The July WSJ Article further described the circumstances of these events, reporting that when Mr. Cohen first approached Mr. Broidy, he had told him "It's your lucky day, because you have a big problem, and I can help you solve it."

- 49. Second, on April 12, 2018, and again, through counsel, on April 13, 2018, Ms. Bechard requested from Mr. Davidson her complete client file and a copy of the Settlement Agreement. Mr. Davidson refused to even respond to this request until April 24, 2018, at which time he asserted a \$420,000 lien for unpaid attorney's fees. Mr. Davidson unethically and impermissibly refused to turn over Ms. Bechard's client file and the Settlement Agreement to her promptly upon her request.
- which no reasonable lawyer or informed client would agree, as well as (2) terms that Mr. Davidson either deliberately refused to disclose to Ms. Bechard or about which he affirmatively lied. For example, in addition to the terms discussed supra at ¶¶26-27, the Settlement Agreement provides no effective remedy to Ms. Bechard if Mr. Broidy violates its confidentiality or payment provisions (not even acceleration, as Mr. Davidson had claimed to Ms. Bechard). In fact, Mr. Broidy has already made multiple statements to the press that concern Ms. Bechard and the Settlement Agreement, including about Mr. Davidson's and Mr. Avenatti's alleged actions that breached it. In stark contrast, Ms. Bechard faces the threat of a preposterously high liquidated damages penalty and resulting financial ruin if she has the audacity to mention the Settlement Agreement or respond to Mr. Broidy's factual misstatements.
- 51. Indeed, among the more overtly unconscionable terms of the Settlement Agreement is the \$4,800,000 penalty it purports to impose on Ms. Bechard for a breach. (Agreement at § 5.1.2.) Shockingly, this provision arose when *Mr. Davidson* sent a redlined draft to Mr. Cohen that increased the liquidated damages provision by many multiples, from \$500,000 to \$4,800,000. Mr. Davidson never discussed this change with Ms. Bechard nor explained the significance of that provision—on

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

the contrary, he minimized it, telling her it was something about which she need not be at all concerned.

- 52. The Agreement was also peppered with deliberate falsehoods that were useful only to Mr. Broidy, such as "[Ms. Bechard] has been asked by counsel for [Mr. Broidy] but has refused to show proof of pregnancy." (Agreement at § 2.3.) That was flatly untrue. Days after retaining Mr. Davidson, Ms. Bechard had given Mr. Davidson a copy of sonogram images of her baby. And she had told Mr. Davidson she would gladly conduct paternity tests. Mr. Davidson had told her, however, that Mr. Broidy would not submit to one. When the Wall Street Journal covered the story, they reported those false details in ways that embarrassed Ms. Bechard, writing for example that "Ms. Bechard declined to provide proof that she was pregnant with Mr. Broidy's child, the contract says." (See April WSJ Article.)
- 53. The Settlement Agreement also contains additional deliberately false statements designed exclusively to benefit Mr. Broidy. One of the statements signed by Ms. Bechard, for example, claims that she never had an affair with or was impregnated by Mr. Broidy (Agreement at 24.) Mr. Davidson never told Ms. Bechard that these provisions existed, or that this was in what she was signing; rather, when she finally discovered that Mr. Davidson had tricked her into signing these false statements, Ms. Bechard was shocked and appalled at these deliberate and knowing falsities.
- 54. Fourth, to add insult to injury, Ms. Bechard learned from the client file that Mr. Davidson had even lied to her about the \$3,292.42 in costs for his trip to New York. These costs were not incurred on her case because they were from a trip that occurred in January of 2017—nine months before Ms. Bechard even met Mr. Davidson.
- 55. Finally, on May 8, 2018, Mr. Avenatti released a report that revealed three wire payments of \$62,500 had been made from Mr. Broidy to Mr. Cohen. (Avenatti & Associates, APC, Project Sunlight: Executive Summary (May 8, 2018), https://s3.amazonaws.com/assets.fiercemarkets .net/public/005-LifeSciences/Avenatti+Cohen+report.pdf.) The payments were made on January 2, 2018, January 31, 2018, and March 1, 2018, and appear to be monthly fees paid to Mr. Cohen for his role in the Settlement Agreement. (Id.)

# STRIS 725 S. FIGUEROA ST. STE 1830 MAHER LOS ANGELES. CA 90017

### FIRST CAUSE OF ACTION

### (For Breach of Contract)

(Against Broidy)

- 56. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.
- 57. Under the Settlement Agreement, Mr. Broidy is required to pay Ms. Bechard \$1,600,000 in eight \$200,000 quarterly payments. (Agreement at §§ 3.1, 3.1.2.)
  - 58. The third quarterly payment of \$200,000 was due on July 1, 2018.
- 59. Mr. Broidy breached the Settlement Agreement by failing to make the required contractual payment on July 1, 2018.
- 60. Ms. Bechard did not breach the Settlement Agreement and knows of no valid excuse for Mr. Broidy's breach.
- 61. Further, Mr. Broidy's assertion of a breach by Ms. Bechard was made in "bad faith" within the meaning of the Settlement Agreement, entitling Ms. Bechard to acceleration of at least two installment payments. (See Agreement at § 5.1.2(a).) Evidence of bad faith here includes, but is not limited to, the following evidence:
- a. Ms. Bechard did not personally reveal any confidential information (defined by the Settlement Agreement to include, among other things, the agreement itself and the affair).
- b. Any alleged disclosure of confidential information was purportedly done by Mr. Davidson, who was not acting with Ms. Bechard's consent or knowledge.
- c. Mr. Broidy's allegation of breach was made to the Wall Street Journal, which is the wrong forum to allege breach by Ms. Bechard under the Settlement Agreement; indeed, that allegation itself is a breach of Mr. Broidy's duties of confidentiality and non-disclosure under the Settlement Agreement.
- Ms. Bechard has suffered damages as a result of Mr. Broidy's breach of the Settlement Agreement and requests monetary payment of \$200,000, the immediate acceleration of at least two required installment payments due to Ms. Bechard, and, in the alternative, payment of all remaining amounts due under the Settlement Agreement. Ms. Bechard also requests pre- and post-judgment interest at the statutory rate as well as her attorneys' fees and costs in this action.

### SECOND CAUSE OF ACTION

### (For Tortious Interference With Contract And

### Interference With Prospective Economic Advantage)

(Against Davidson, DAPLC, and Avenatti)

- 63. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.
- 64. The Settlement Agreement was a valid contract between Ms. Bechard and Mr. Broidy. The Engagement Letter between Mr. Davidson and Ms. Bechard was also a valid contract. The Settlement Agreement required confidentiality. The Engagement Letter and Mr. Davidson's associated ethical duties similarly required Mr. Davidson not to reveal confidential information about Ms. Bechard and her case, including but not limited to the existence and terms of the Settlement Agreement. The relationships between Mr. Broidy and Ms. Bechard, as well as between Mr. Davidson and Ms. Bechard, also promised Ms. Bechard economic advantage.
- 65. Mr. Broidy has alleged that "Mr. Avenatti learned of the hush-money deal from Mr. Davidson." (See July WSJ Article.) Mr. Broidy thereby alleges that Mr. Davidson breached the Settlement Agreement by revealing its existence and terms to Mr. Avenatti, which would in turn be a breach of the Engagement Letter as well as Mr. Davidson's ethical duties thereunder.
- 66. Mr. Davidson knew of the Settlement Agreement by virtue of his role as Ms. Bechard's attorney. At no time did Ms. Bechard give consent to, or have any knowledge of, the alleged disclosure of the Settlement Agreement, its existence, its terms, or anything else to Mr. Avenatti. The reported disclosure by Mr. Davidson to Mr. Avenatti constitutes an intentional act designed to induce breach or disruption of the Settlement Agreement and the economic relationship between Ms. Bechard and Mr. Broidy, and was accomplished by unlawful and unethical means—in particular, the violation of Mr. Davidson's ethical duties to his client.
- 67. Mr. Avenatti knew of the Settlement Agreement by virtue of Mr. Davidson purportedly telling him about it. Additionally, as an attorney and given the nature of what he himself called the "hush NDA" agreement, Mr. Avenatti knew that Mr. Davidson was contractually and ethically bound not to disclose to Mr. Avenatti information known by Mr. Davidson about Ms. Bechard's case, including but not limited to the existence and contents of the Settlement Agreement. If Mr. Avenatti

3

4

5

6

7

8

9

10

11

13

14

15

16

17

18

19

20

21

22

23

24

25

26

indeed agreed to receive and received information about the Settlement Agreement from Mr. Davidson, as alleged by Mr. Broidy, Mr. Avenatti engaged in an intentional act designed to induce breach or disruption of the Settlement Agreement and the Engagement Letter, as well as the economic relationship between Ms. Bechard, Mr. Broidy, and Mr. Davidson. Mr. Avenatti's decision to receive confidential information about Ms. Bechard from her attorney, including the existence and terms of the Settlement Agreement was, if Mr. Broidy's allegations are correct, accomplished through unlawful and unethical means including complicity in Mr. Davidson's violation of ethical duties owed to Ms. Bechard.

As a result of the foregoing, Ms. Bechard has suffered damages in the form of Mr. 68. Broidy's refusal to pay the amounts due under the Settlement Agreement, as well as in the form of expenses incurred in the Settlement Agreement's enforcement. Accordingly, Mr. Davidson and Mr. Avenatti are liable in an amount to be proved at trial, and for pre- and post-judgment interest.

### THIRD CAUSE OF ACTION

### (For Conspiracy To Commit Breach Of Fiduciary Duty)

(Against Davidson, DAPLC, and Avenatti)

- Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein. 69.
- The attorney-client relationship is a fiduciary relationship of the highest character. 70. (Cox v. Delmas (1893) 99 Cal. 104.) Every lawyer must refrain from using undue influence and must undertake the relationship with the utmost good faith. (Trafton v. Youngblood (1968) 69 Cal. 2d 1; Clark v. State Bar (1952) 39 Cal. 2d 161.) Every lawyer must render legal advice with the skill, prudence, and diligence of a lawyer of ordinary skill and capacity. (Kirsch v. Duryea (1978) 21 Cal. 3d 303, 308; California Rules of Prof. Conduct 3-110.) And every lawyer owes an undivided duty of loyalty and fidelity to his client. (Alkow v. State Bar (1971) 3 Cal. 3d 924.)
- The elements of civil conspiracy are "(1) the formation and operation of the 71. conspiracy, (2) wrongful conduct in furtherance of the conspiracy, and (3) damages arising from the wrongful conduct.'" (AREI II Cases (2013) 216 Cal. App. 4th 1004, 1022.)

27 28

2

3

4

5

6

7

8

9

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

STRIS 725 S. FIGUEROA ST, STE 1830	MAHER LOS ANGELES. CA 90017	
STRIS	MAHER	

72.		Mr. Davidson purportedly breached multiple fiduciary and ethical duties by revealing
the Settlen	nent	Agreement and client confidences to Mr. Avenatti and did so for the purpose of
breaching t	thos	e duties.

- Mr. Avenatti purportedly knew what Mr. Davidson knew, and knew that the Settlement 73. Agreement was secret. Indeed, his tweet about it described the agreement as a "hush NDA." Mr. Avenatti, moreover, desired to assist the exposure and public promotion of the Settlement Agreement because he claimed entitlement to and hoped to receive attribution as the first source of public information about it.
- As a result of the foregoing, Ms. Bechard has suffered damages in the form of Mr. 74. Broidy's refusal to pay the amounts due under the Settlement Agreement, as well as in the form of expenses incurred in the Settlement Agreement's enforcement. Accordingly, Mr. Davidson and Mr. Avenatti are liable in an amount to be proved at trial, and for pre- and post-judgment interest.

### FOURTH CAUSE OF ACTION

### (For Declaratory Relief Regarding Further Attorney's Fees)

(Against Davidson and DAPLC)

- Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein. 75.
- The Engagement Letter provides that in the event of discharge, Mr. Davidson will be 76. entitled to "a reasonable fee" for the legal services he provided, determined using a multi-factor test. As the Engagement Letter explains:

In the event of Attorney's discharge or withdrawal as provided in Paragraph 11, Client agrees that, upon payment of the settlement, arbitration award or judgment in Client's favor in this matter, Attorney shall be entitled to be paid by Client a reasonable fee for the legal services provided. Such fee shall be determined by considering the following factors:

- The actual number of hours expended by Attorney in performing legal (a) services for Client;
- Attorney's hourly rates; (b)

The extent to which Attorney's services have contributed to the result (c) 1 obtained; 2 The amount of the fee in proportion to the value of the services 3 (d) performed; 4 The amount of recovery obtained; (e) 5 Time limitations imposed on Attorney by Client or by the (f) 6 circumstances; and 7 The experience, reputation and ability of personnel performing the 8 (g) services. 9 Mr. Davidson has been discharged by Ms. Bechard. 10 77. To date, Mr. Davidson has charged Ms. Bechard fees of \$140,000. 78. 11 Applying the factors listed in the Engagement Letter to the facts of this case, the 79. 12 reasonable value of Mr. Davidson's services—particularly in light of his serious ethical violations, 13 see infra ¶ 86(a)-(g)—is zero, or, in the alternative, less than the \$140,000 in fees already paid by 14 15 Ms. Bechard to Mr. Davidson. There is an actual and continuing controversy about this issue between Ms. Bechard 80. 16 and Mr. Davidson. Mr. Davidson asserts that he has done nothing wrong, and remains entitled to a 35 17 percent contingency fee on all future payments received by Ms. Bechard from Mr. Broidy. 18 Accordingly, Ms. Bechard seeks a declaratory judgment that Mr. Davidson is entitled 19 81. to no further attorney's fees, or, in the alternative, to an amount less than the amount he has claimed. 20 FIFTH CAUSE OF ACTION 21 (For The Return Of Excessive Attorney's Fees and Costs Paid) 22 (Against Davidson and DAPLC) 23 Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein. 24 82. Pursuant to Rule 4-200 of the Rules of Professional Conduct, "[a] member shall not 83. 25 enter into an agreement for, charge, or collect an illegal or unconscionable fee," and the 26 unconscionability of a fee shall be determined on the basis of all the facts and 27

28

circumstances existing at the time the agreement is entered into except where the

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

parties contemplate that the fee will be affected by later events. Among the factors to be considered, where appropriate, in determining the conscionability of a fee are the following:

- The amount of the fee in proportion to the value of the services (1) performed.
- The relative sophistication of the member and the client. (2)
- The novelty and difficulty of the questions involved and the skill (3) requisite to perform the legal service properly.
- The likelihood, if apparent to the client, that the acceptance of the (4) particular employment will preclude other employment by the member.
- The amount involved and the results obtained. (5)
- The time limitations imposed by the client or by the circumstances. (6)
- The nature and length of the professional relationship with the client. (7)
- The experience, reputation, and ability of the member or members (8) performing the services.
- (9) Whether the fee is fixed or contingent.
- (10)The time and labor required.
- The informed consent of the client to the fee. (11)
- Applying these factors to the facts of this dispute, the fee that Mr. Davidson has 84. received to date is unconscionable. Particularly in light of Mr. Davidson's serious ethical violations, see infra ¶ 86(a)-(g), he should be entitled to no fee whatsoever, and the Court should order disgorgement of the \$140,000 currently in his possession, as well as of the money paid by Ms. Bechard to Mr. Davidson for his alleged costs, or, in the alternative, the Court should order the return of such lesser amount as this Court deems just and proper.

### SIXTH CAUSE OF ACTION

### (For Breaches Of Fiduciary Duty)

(Against Davidson and DAPLC)

Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein. 85.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

- Mr. Davidson breached his fiduciary duties to Ms. Bechard in at least the following 86. ways:
- Mr. Davidson contacted and hired Mr. Cohen without disclosing to Ms. a. Bechard the nature of his relationship with Mr. Cohen and the conflicts arising thereunder.
- Mr. Davidson drafted and coerced Ms. Bechard into signing a contract that b. included provisions rendering it unconscionably lopsided in favor of Mr. Broidy for the purpose of increasing his fee at Ms. Bechard's expense.
- Mr. Davidson made false statements and omissions to Ms. Bechard about the c. terms of the Settlement Agreement, and induced her to sign a contract containing provisions to which she would not reasonably agree had she known of and understood them.
- Mr. Davidson failed to promptly deliver to Ms. Bechard her client file and the d. Settlement Agreement when she asked for them, during a period when she needed to fully understand the Settlement Agreement's provisions.
- Mr. Davidson purportedly disclosed confidential information, as it is defined e. in the Settlement Agreement, and information about his representation of Ms. Bechard, to Mr. Avenatti without Ms. Bechard's knowledge or consent.
- f. Mr. Davidson unreasonably delayed in delivering client funds to Ms. Bechard; in particular, the money that Mr. Broidy paid under the Settlement Agreement.
- Mr. Davidson charged costs to Ms. Bechard claiming they were associated g. with her case when in fact no such costs were incurred.
- As a result of the foregoing, Ms. Bechard was materially harmed, and Mr. Davidson 87. should be denied his fee and should be required to make Ms. Bechard whole for his misconduct.
- Additionally, because Mr. Davidson's conduct was willful, malicious, oppressive, and 88. done with a conscious disregard for Ms. Bechard's rights and interests, punitive damages should be awarded to punish and deter future misconduct.

## STRIS 725 S. FIGUEROA ST, STE 1830 MAHER LOS ANGELES, CA 90017

### SEVENTH CAUSE OF ACTION

### (For Legal Malpractice)

(Against Davidson and DAPLC)

- 89. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.
- 90. "In a legal malpractice action arising from a civil proceeding, the elements are (1) the duty of the attorney to use such skill, prudence, and diligence as members of his or her profession commonly possess and exercise; (2) a breach of that duty; (3) a proximate causal connection between the breach and the resulting injury; and (4) actual loss or damage resulting from the attorney's negligence." (Coscia v. McKenna & Cuneo (2001) 25 Cal. 4th 1194, 1199.)
- 91. Mr. Davidson breached the duty of care owed to Ms. Bechard by failing to accurately inform her of the terms of the Settlement Agreement, by drafting and coercing her to sign a Settlement Agreement with unconscionable terms, by failing to perform legal services with the care and competence of a reasonable attorney, by failing to require adequate security to Ms. Bechard under the Settlement Agreement, by failing to promptly deliver money and client files to which Ms. Bechard was entitled, by failing to accurately and fully disclose the relationship between Mr. Davidson and Mr. Cohen and the conflicts therefrom, by recommending and inserting terms to which no properly informed client in Ms. Bechard's position would agree and which no reasonable counsel for her would recommend, and by the repeated improper and unethical conduct referred to in this action.
- 92. Ms. Bechard was damaged by this malpractice by Mr. Davidson in an amount to be established by proof at trial.

### EIGHTH CAUSE OF ACTION

### (For Equitable Indemnity)

(Against Davidson and DAPLC)

- 93. Ms. Bechard re-alleges each paragraph of this Complaint as if fully set forth herein.
- 94. "[A] contract under which the indemnitor undertook to do work or perform services necessarily implie[s] an obligation to do the work involved in a proper manner and to discharge foreseeable damages resulting from improper performance . . . ." (*Prince v. Pac. Gas & Elec. Co.* (2009) 45 Cal. 4th 1151, 1159.)

2

3

5

6

8

9

10

11

12

13

15

16

17

18

19

20

21

22

23

24

25

26

27

28

- 95. Ms. Bechard retained Mr. Davidson to represent her in connection with her claims against Mr. Broidy. Mr. Davidson failed to competently and ethically act in accordance with terms of his engagement as Ms. Bechard's attorney and breached his fiduciary duties therein, including by allegedly revealing confidential information about the representation to Mr. Avenatti that Mr. Broidy claims violated the Settlement Agreement.
- To the extent Mr. Broidy contends that he has been damaged or is entitled to any other 96. relief as a result of a breach of the Settlement Agreement, said allegation and purported breached having flowed from Mr. Davidson's alleged conduct, Ms. Bechard is entitled to indemnity from Mr. Davidson to cover the foreseeable resulting damages.
- 97. To be clear: Ms. Bechard does not have personal knowledge that Mr. Davidson disclosed her confidential information (including the existence and contents of the Settlement Agreement) to Mr. Avenatti, but does know that (1) someone with intimate knowledge of these facts—and not her—disclosed these details, (2) Mr. Broidy insists that that Mr. Davidson was the one who disclosed these facts to Mr. Avenatti, and (3) Mr. Avenatti did indeed receive these facts (since he tweeted about them). Given these predicate facts, Ms. Bechard alleges, in the alternative and on information and belief, the facts herein; in particular, that Mr. Davidson disclosed and Mr. Avenatti knowingly received from Mr. Davidson confidential information about her representation in violation of Mr. Davidson's fiduciary and ethical duties to Ms. Bechard. Those breaches of duty were complete upon the disclosure of Ms. Bechard's private legal information by Mr. Davidson to Mr. Avenatti; no further disclosure (e.g., to the public) was necessary.
- Whatever transpired was not the fault of Ms. Bechard. She did nothing wrong. She 98. should not be deprived of her rights because the three men described above (Mr. Broidy, Mr. Davidson, and Mr. Avenatti) decided that they could use her to their advantage.

### PRAYER FOR RELIEF

22

COMPLAINT

WHEREFORE, Plaintiff prays for an award against Defendants as follows:

- For compensatory damages from all Defendants; 1.
- 2. For pre-judgment interest against all Defendants;
- For disgorgement from Mr. Davidson and DAPLC; 3.

		,	4. For declaratory relief with respect to Mr. Broidy, Mr. Davidson, and DAPLC;					
CRIS 725 S. FIGUEROA ST. STE 1830 AHER LOS ANGELES. CA 90017	1	5. For punitive damages from Mr. Davidson and DAPLP; and						
	2							
		3	6. For such other and further relief as the Court deems just and proper.					
		4	DEMAND FOR JURY TRIAL					
		5	Plaintiff demands a jury trial for all claims so triable.					
		6	Dated: July 5, 2018 STRIS & MAHER LLP					
		7	Pak (					
		8	Peter K. Stris					
		9	725 South Figueroa Street, Suite 1830 Los Angeles, CA 90017 T: (213) 995-6800   F: (213) 261-0299					
		10	T: (213) 995-6800   F: (213) 261-0299					
	E 1830	11	Counsel for Plaintiff Shera Bechard					
	ST. ST.	12						
	ROA S	13						
	FIGUE	14						
	25 S. .OS Al	15						
	S	16						
	TRIAHE	17						
	SX	18						
		19						
		20						
		21						
		22						
		23						
		24						
		25						
		26						
99×		27						
		28						
1201			23					
ÇG F			COMPLAINT 27					

## STRIS 725 S. FIGUEROA ST. STE 1830 MAHER LOS ANGELES, CA 90017

## 

### **VERIFICATION**

## STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

I, Shera Bechard, declare:

I am the plaintiff in this action. I have read the foregoing complaint and know its contents. The matters stated in the foregoing complaint are true of my own knowledge, or are stated on my information and belief and I believe them to be true.

Executed on July 5, 2018, in Los Angeles County, California.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.